

SPECIAL COUNCIL MEETING

OCTOBER 1, 2014

The Special Council Meeting of the Council of the County of Kaua'i was called to order by Council Chair Jay Furfaro, at the Council Chambers, 4396 Rice Street, Suite 201, Līhu'e, Kaua'i, on Wednesday, October 1, 2014 at 8:33 a.m., after which the following members answered the call of the roll:

Honorable Tim Bynum (*present at 8:35 a.m.*)
Honorable Mason K. Chock, Sr.
Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Mel Rapozo
Honorable Jay Furfaro

Excused: Honorable JoAnn A. Yukimura (*present at 8:41 a.m.*)

APPROVAL OF AGENDA.

Councilmember Kagawa moved for approval of the agenda as circulated, seconded by Councilmember Rapozo, and carried by a vote of 6:0:1 (*Councilmember Bynum was not present; Councilmember Yukimura was excused*).

Council Chair Furfaro: I have a message that Councilmember Yukimura is running about ten (10) minutes behind schedule.

PUBLIC COMMENT.

Pursuant to Council Rule 13(e), members of the public shall be allowed a total of eighteen (18) minutes on a first come, first served basis to speak on any agenda item. Each speaker shall be limited to three (3) minutes at the discretion of the Chair to discuss the agenda item and shall not be allowed additional time to speak during the meeting. This rule is designed to accommodate those who cannot be present throughout the meeting to speak when the agenda items are heard. After the conclusion of the eighteen (18) minutes, other members of the public shall be allowed to speak pursuant to Council Rule 12(e).

There being no one to provide public comment, the meeting proceeded as follows:

Council Chair Furfaro: I do not see Mr. Mickens present. I do have something to share with him from the County Attorney that I promised him last week. On that note, we will close the portion for public comment.

CONSENT CALENDAR:

C 2014-257 Communication (09/19/2014) from the Director of Finance, transmitting for Council consideration, a proposed Bill For An Ordinance Amending Chapter 5A, Kaua'i County Code 1987, As Amended, Relating To Real

Property Taxes, to create a new tax class entitled "Commercialized Home Use" to encompass property eligible for the homestead tax class except that the property has an additional use or uses which are not permitted in the Homestead tax class: Councilmember Rapozo moved to receive C 2014-257 for the record, seconded by Councilmember Kagawa.

Council Chair Furfaro: At this time, the Director of Finance may want to give us additional information relating to this communication. I will suspend the rules.

(Councilmember Bynum was noted as present.)

There being no objections, the rules were suspended.

STEVEN A. HUNT, Director of Finance: Thank you, Chair, Councilmembers, Steve Hunt, Director of Finance for the record.

Council Chair Furfaro: I have been reminded that Bill No. 2560 will be up later on the agenda. Because this is a communication I just wanted to see, on the consent calendar, if there is anything you would like to share at this time? I believe I do have the privilege to give you a moment. Do you have anything to share at this time?

Mr. Hunt: I would be happy to talk about the Bill when it comes on the second part of the agenda.

Council Chair Furfaro: Members, is that acceptable to you?
Councilmember Kagawa.

Councilmember Kagawa: In light that Councilmember Yukimura is not here and she normally has the most questions, it would be wise that we wait until she is present.

Council Chair Furfaro: Thank you for pointing out that she has the most questions. We will wait until we do the Bill then.

Mr. Hunt: Thank you, Chair.

The meeting was called back to order, and proceeded as follows:

The motion to receive C 2014-247 for the record was the put, and carried by a vote of 6:0:1 *(Councilmember Yukimura was excused)*.

COMMUNICATION:

C 2014-258 Communication (09/19/2014) from the Mayor, requesting Council approval of a donation of a Loulu Palm Tree valued at \$200.00 from the National Tropical Botanical Garden to be planted at the Kaua'i War Memorial Convention Hall to commemorate the 40th Anniversary of Sister City relations with Moriyama City, Japan and the County of Kaua'i: Councilmember Kagawa moved for approval of C 2014-258 with a thank-you letter to follow, seconded by Councilmember Chock.

There being no one from the public to provide testimony, the meeting was called back to order, and proceeded as follows:

The motion to approve C 2014-258 with a thank-you letter to follow was then put, and carried by a vote of 6:0:1 (*Councilmember Yukimura was excused*).

BILL FOR FIRST READING:

Proposed Draft Bill (No. 2560) - A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, ARTICLE 6, SECTION 5A-6.4, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES (*Commercialized Home Use Tax Classification*): Councilmember Kagawa moved for passage of Proposed Draft Bill (No. 2560) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for October 15, 2014 at 8:30 a.m., and that it thereafter be referred to the Finance & Economic Development (Tourism / Visitor Industry / Small Business Development / Sports & Recreation Development / Other Economic Development Areas) Committee, seconded by Councilmember Bynum.

Council Chair Furfaro: At this point, I am going to ask the Director of Finance if he would like to come up. I would also like to point out that this is a Bill that was introduced from the Administration and I have agreed to fast track it so that it gets caught up with the other Tax Bills. That is the reason for this Special Council.

(*Councilmember Yukimura was noted as present.*)

There being no objections, the rules were suspended.

Mr. Hunt: Thank you, Chair. Bill No. 2560 that is before you is in response to really where I believe the most dramatic increases occurred in property owners who have home use exemptions on their properties but are not exclusively using those properties as their primary residence. They have alternative uses on their property which range from simple residential use up through commercial, industrial, or vacation rental use on the property. To put it in some scope, there are about seventeen hundred and eighty-eight (1,788) properties that have home use exemptions on their properties but are not in the Homestead classification. Of those seventeen hundred and eighty-eight (1,788) properties, fifteen hundred and twenty-seven (1,527) received increases in their tax bills.

When you look at the total increase to people with home exemptions, I believe, including Homestead, that count was about three point one million dollars (\$3,100,000) in increased taxes between last year and this year. Of that one point three million dollars (\$3,100,000), one point seven, seven million dollars (\$1,770,000) was attributed to those that had properties outside the Homestead class. Roughly count-wise, twenty-two percent (22%) of the people got about fifty-seven percent (57%) of the increased taxes. This Bill hopefully will ameliorate some of that, it would aggregate them into one (1) category, it would not require additional staff, and it can be done programmatically by just collecting those that have exemptions, identifying those properties and moving them into a new classification. Obviously the rate would determine how much relief we are talking about, but ideally we are talking about a rate somewhere between the three dollars and five cent (\$3.05) Homestead rate and something below the Residential rate which is six dollars and five cents (\$6.05). For argument sake, I ran it at five dollars and five cents (\$5.05) and that would create roughly about one point three million dollars (\$1,300,000) in relief as opposed to one point seven million dollars (\$1,700,000) in increase.

Council Chair Furfaro: I have a couple questions for Steve. In competition of another tax bill, the request here is based on the fact that you favor

this Bill based on the fact that you do not see it adding staff to accomplish a similar tax?

Mr. Hunt: Correct.

Council Chair Furfaro: And a revenue base.

Mr. Hunt: I believe it will...although it may not count exactly based on square footage, how those uses are, which in all fairness would probably be a fair or more equitable bill, it may be more precise on taxing by use. But the offset is for compliance, input, and for monitoring of those uses, that would require additional staff. I am estimating at least three (3), one (1) maybe on a temporary basis for inputting but the other two (2) for compliance and to continue to monitor as well as create the records. The way I envision this is that you would have a master property record but you would have to create an artificial CPR (Condominium Property Regime) to identify a value and a tax class to each of those individual units or components of the total property. So, you are going from one (1) record maintenance to now three (3) records of maintenance and you would have to create those. It is not on auto populate. You would actually have to put data in to each of the new CPR units and it could lead to confusion as to what those CPRs really represent.

Council Chair Furfaro: Thank you for answering my questions. The challenge here is we may have some tax bills that are competing with one another and I do not want to have a lot of dialogue that deals with the operational variances and that we hold up any possible relief. But I want to ask my question again, this is a bill that the Administration feels can be implemented and will not add operational costs?

Mr. Hunt: That is correct.

Council Chair Furfaro: Okay. The next question here is, the range you gave us would be one that would tap out at least six dollars and five cents (\$6.05) and would be more than three dollars and five cents (\$3.05)?

Mr. Hunt: Three, zero, five, yes.

Council Chair Furfaro: You ran a *pro forma*, if I can refer to it as a *pro forma*? You ran a *pro forma* that is at five dollars and five cents (\$5.05)?

Mr. Hunt: Correct.

Council Chair Furfaro: Is that your recommendation from the Administration or are you leaving any blended increase rate up to the Council but a "not to exceed" number of say...five dollars and eighty-five cents (\$5.85)? Are you recommending the blended rate?

Mr. Hunt: Well it would be a single rate blended based on the various uses. Obviously one coming from Vacation Rental at eight dollars eighty-five cents (\$8.85) versus one that is six dollars and five cents (\$6.05) for Residential, now the blended rates will be different. We are trying to have a single rate for management sake and purpose.

Council Chair Furfaro: I think I understand that, Steve. Is the Administration recommending based on the *pro forma* you did, five dollars and five cents (\$5.05)?

Mr. Hunt: If I had...

Council Chair Furfaro: That is a yes or no answer.

Mr. Hunt: I cannot tell you what the future tax base and how many properties. There may be this seventeen eighty eight (1,788) may balloon into twenty-five hundred (2,500) properties or more next year. I do not know what the impacts will be. If I had to go retrospectively and say with the information I know from the 2014 billings, I would recommend the rate of five dollars and five cents (\$5.05).

Council Chair Furfaro: Okay. I can put that down as acknowledging at today's mix/numbers, this Bill is coming over with that recommendation of five dollars and five cents (\$5.05)?

Mr. Hunt: Yes.

Mr. Kagawa: Thank you for your presentation, Steve. This Bill in front of us is to address one of the most glaring problems that we have, and arose since removing the cap. Where the cap has taken away that comfort that they had and now instead of having a three dollars (\$3.00) rate for Homestead Class, they are having a six dollars (\$6.00) rate or even in some cases eight dollar (\$8.00) rate if they are in a TVR (Transient Vacation Rental).

Mr. Hunt: That is correct.

Councilmember Kagawa: That is what happened?

Mr. Hunt: Yes.

Councilmember Kagawa: Myself and Councilmember Rapozo were looking at going back and taking our time. Now to tackle one of the toughest problems, I feel like we are rushing again. Do you feel like it is rushing? That we did not take our time and come up with the best plan.

Mr. Hunt: I think there is still going to be the issue of fairness based on, "I am only using a portion of my property." It is also an economic decision. Each property-owner may choose to expand that use...that is where the compliance becomes an issue. Someone chooses to use one (1) bedroom of their house for a vacation rental one year and then it is two, or three, and all of a sudden the owner wants to renovate the garage and rent the whole house as a vacation rental. Keeping up with the percentages of uses and compliance is going to be very problematic. I think this, as a general solution, will solve... we recognize that there is an owner-occupant on property, there are future bills that I am envisioning that will come here that deal with homestays/bed-and-breakfast that deal with potentially the agri-tourism where the owner lived on property. All of these things, I think, can be fit into recognizing that this is income property but the owner resides there and we are going to classify it in a single class.

Councilmember Kagawa: Yes, we had some of those testifiers last week, from the North Shore, and they were saying that they were in that category. So basically, we are compromising a little bit with their rate?

Mr. Hunt: Yes.

Councilmember Kagawa: Giving them Homestead rate per say that has mixed use that is a little higher than...instead of being three dollars (\$3.00), it will be about five dollars (\$5.00).

Mr. Hunt: Our next lowest rate is Residential, so if we are going to have a rate below Residential and above Homestead, we are basically acknowledging you are getting a blended Homestead rate into that rate.

Councilmember Kagawa: Steve, like I said, I prefer we take our time. Are we following a model, I guess a successful model of...Dustin Barca last night at the forum said, "Why do we not follow municipalities or Counties that have a system that seems to be working there, maybe ones the same size as Kaua'i," I thought that was a pretty bright idea. Are we? Our tax system we have right now, the one we have that basically is not working, we have to do a little patch work, but are we following a model of another County?

Mr. Hunt: I would say that we are following sort of guidelines of all Counties within Hawai'i as well as some municipalities on the mainland, but everyone has their own challenges. To put it in reference in 1980 when Kaua'i County after the Constitutional Convention (Con-Con) and the County's got the taxing authority, there was a single rate. There was no differentiation between classes. They had classes but the rates were all the same. It was fourteen dollars and fifty cents (\$14.50) and properties were assessed at sixty percent (60%) of their market value. So, that is about eight dollars seventy cents (\$8.70) to nine dollars (\$9.00), would be the average rate, right across the board. We have morphed from there obviously taking care of exemptions and giving more preference to homeowners with lower rates and so it has changed considerably from the time we inherited it. It was a very simple *ad valorem* system back in the day.

Councilmember Kagawa: It was really way off from where we are now. They used to take sixty percent (60%) of the property value and times it by fourteen dollars (\$14.00)?

Mr. Hunt: Yes, fourteen dollars and fifty cents (\$14.50).

Councilmember Kagawa: Fourteen dollars and fifty cents (\$14.50) per thousand, wow. So that is a drastic change till now.

Mr. Hunt: Then we converted and you said, it was eight dollars seventy cents (\$8.70), I do not know off-hand but everyone had a eight dollars and seventy cents (\$8.70) rate at a hundred percent (100%) market value, that is how taxes were derived.

Councilmember Kagawa: I guess what I was trying to say is that I think the long solution that I think we can come to at some point needs to come probably outside Hawai'i. I do not think any island really has a fair system that is working. I feel we need to look to the mainland. I do not even know if that is possible to find a model that works that fits here.

Mr. Hunt: I think the more common thread, at least for Maui and City and the County of Honolulu, and some of the mainland jurisdiction that do not have caps that provide relief has been income-based. It is targeted. That is where we have been deciding to go, at least I think the recommendations have been is targeted relief where relief is needed but do not give blanket relief when it is not. That, is the kind of model that we have been approaching taxation with for the most part I would say eighty percent (80%) of the properties are in a reasonable range of value and then you have the outliers that are very expensive and have high property taxes but often value and wealth go together. People can afford to pay more. It is the tax-payers responsibility to show us they cannot afford it then the relief could be there. That is where we are heading with this.

Councilmember Kagawa: In closing, I think this is a step in the right direction. Again, I feel like we are rushing but next time if you could have for the public a presentation that shows how this system works, who this takes care of, because you rambled off a lot of importation information and sometimes I feel like you are Mike Dahilig, you are throwing information and I cannot comprehend all of what you are saying.

Mr. Hunt: I have a list alphabetically that was run for the seventeen hundred and eighty-eight (1,788) parcels that you could look at individually and see what the impacts are. Where they were last year? Where they were initially taxed this year and what the five dollars and five cents (\$5.05) would mean to them. I would be happy to leave that with you.

Councilmember Kagawa: I guess something like that for the public where you blackout the names. If we can just show half a page, up there, like I said for the public to see because I think they are trying to read between the lines of what you are saying and a handout summary of what you are saying would be nice. Thank you.

Council Chair Furfaro: Councilmember Yukimura.

Councilmember Yukimura: Thank you for working on this proposal because I think more than the cap, the mixed use issue has been the problem. We always need to think about administrative cost and burden as well as our target goal. I do not like the square footage measurement because one (1) as you said could be a vacation rental, and one (1) could be a home office for a very small business. For me, it would be more accurate to do a proportion of valuation.

Mr. Hunt: That even gets more difficult.

Councilmember Yukimura: I understand that is administratively very, very difficult and one (1) of the reasons we merged buildings and land, right?

Mr. Hunt: Yes.

Councilmember Yukimura: I will take a look at what you have. Do you think this is administratively the most feasible way or practical way of addressing the mixed use?

Mr. Hunt: I think it is. I think it acknowledges that a homeowner resides on the property and is producing income and is paying a rate that is lower than any other rate that is not owner-occupied.

Councilmember Yukimura: Okay. Related to Councilmember Kagawa's question. Looking for models elsewhere, I feel like there has actually been a very deliberate process over the last ten (10) or fifteen (15) years to find a fair system. Would you not say that in a sense with the basic framework of removing the cap and all these various programs that we are trying to mediate impact based on public policy? We are actually pioneering a different system that might become a model for other places?

Council Chair Furfaro: Excuse me. What is on the agenda is a Bill that is being introduced and I have given Councilmember Kagawa some leeway and I will give Councilmember Yukimura some leeway to respond to that. The agenda is not reviewing the whole tax code which based on the two (2) we are hearing right now is walking around like...it is all patched up and it looks like the mummy. Please answer her question but let us not keep expanding the dialogue on the agenda item because that is going into Committee.

Mr. Hunt: To answer the question, I would say it is not so much pioneering, I believe we have a very simple tax system now with some more complex relief measures for those who need it. The majority of the people will fit into higher exemptions and low tax rate models and those who have very high valued properties if they can prove income warranted relief, then there is a more complex system to getting that relief.

Councilmember Yukimura: Is it not that we are looking for the best way to meet all the objectives of a real property tax system where a jurisdiction may...which is a jurisdiction's main source of income, right?

Mr. Hunt: Yes.

Councilmember Yukimura: So do you think that we are approaching a system that actually meets all of our goals which is raising revenue for operations, fairness and equity, and also establishing a public policy of taking care of those who actually live here?

Mr. Hunt: I believe that we have a system that is very close to doing that now.

Councilmember Yukimura: Thank you.

Council Chair Furfaro: Councilmember Bynum.

Councilmember Bynum: I appreciate your presentation this morning and just have the frank discussion. It had already been said that this Bill is presented as an alternative to Councilmember Hooser's effort to address this issue about split properties. I just want to say that this dialogue has been going on for a long time about this issue. In the past, the response was kind of like well this is really difficult and there was no proposal from the Administration until Councilmember Hooser put forward a proposal. I just want to put that in context that...and I appreciate that because maybe it is a better way to go but it was not on the table until this other proposal came forward, correct?

Mr. Hunt: Correct.

Councilmember Bynum: I will not go into all of the things and expand as the Chair has asked, because this is first reading, but I just wanted to say that I think we should follow that discussion with that in mind because this Bill has a lot of other implications. I just want to be clear that this sets a rate in the middle so for those who have vacation rental properties, it is going to be more relief than for someone who is doing long-term rental.

Mr. Hunt: That is correct.

Councilmember Bynum: So that does not differentiate like the other way does, right? That may be fine but it goes away from some of our goals to taxation by use to say, you have been a big impact on the community, you pay a higher rate. This use contributes to long-term stability for the local people, who are going to pay a lower rate. So, we are moving away from that a little bit. But we also have this unique circumstance of these properties with multiple uses that seems...seventeen hundred (1,700) that is about ten percent (10%). What percentage of the exemption class is that?

Mr. Hunt: That would be about twelve percent (12%) or thirteen percent (13%).

Councilmember Bynum: Right, so a lot of places, other jurisdictions do not deal with as much as we do with having one (1) TMK (Tax Map Key) with multiple homes or multiple units, right?

Mr. Hunt: Yes.

Councilmember Bynum: This addresses that and it is an alternative but it came forward in response to the fact that you feel it will be much too difficult to manage?

Mr. Hunt: Yes and again I think I stated too that Councilmember Hooser's bill is more accurate in terms of the blended rate by getting it correct. On the flipside, from the Administrative standpoint it is going to be much more difficult and costly to implement.

Councilmember Bynum: And to manage.

Mr. Hunt: And the one (1) area that I think right now I do not even have a vision on how we would implement is if you have multiple uses on a CPR, you cannot CPR a CPR. So I do not know how we would even divide a CPR into sub-units to come up with a blended rate.

Councilmember Bynum: Well and...

Mr. Hunt: There could be some hurdles and that would include programming.

Councilmember Bynum: Those were the discussions you had over the years and the response in the past was, "I do not know what we can do about it. This

is the best we can do.” Now, we are coming up with some better ideas so that is a good thing that is coming out of this very public dialogue.

Mr. Hunt: Yes.

Councilmember Bynum: Thank you very much. We will drill down the details when the Bill comes back.

Councilmember Hooser: Good morning, Mr. Hunt. I appreciate the concept and I believe both are actually needed. I think the mid-rate that you are talking about is needed for other uses that are less onerous than regular Commercial or Vacation Rental. As you indicated the idea of taxing for the specific use is a more equitable solution and I believe that is what should drive our policy-making. I understand that it is not as convenient and the implementation is not...but my understanding is, you already do this type of thing on let us say large commercial pieces, there are zip lines, all kinds of commercial uses on all kinds of other lands and you do not tax a thousand acres, Commercial, do you?

Mr. Hunt: We value them based on Agriculture but they may be taxed Commercially. I cannot speak on zip lines that is kind of a new thing that all the State is talking about now is how we are going to be addressing that but in other situations where you have agriculture land used commercially then the rate applies to the whole property is Commercial although the valuation is not based on commercial land comps, it is based on Agriculture values. The only time that we have what we call “multi-pit parcels” is when we have distinct zonings and is typically vacant land or defined uses where we have a large piece that has an R-10 component, an agriculture component, a commercial component, in each of those are defined areas, those areas and uses would then be vetted out separately and giving separate assessments within the parcel.

Councilmember Hooser: So if a farmer has a hundred (100) acres and they are dedicated to agriculture, they are paying dedicated rates, and the valuation is...and if they put a store or start selling fruits and stuff then they are charged Commercial rates?

Mr. Hunt: Correct. They will get the valuation based on the agriculture dedication but then the rate that is applied to that determined value would be a commercial value.

Councilmember Hooser: So their entire hundred (100) acres would be charged at a Commercial rate? To me that is unfair and bad public policy because you are telling a farmer who has a hundred (100) acres that their rates are going to double or more on their tax bill if they put up a fruit stand. That is what we are saying, correct?

Mr. Hunt: No, because the rate of Agriculture is six dollars and seventy-five cents (\$6.75) and the rate of commercial is eight dollars and ten cents (\$8.10). It is not doubling. What we are saying the value based on the dedicated agriculture use so we are not saying we are going to double or triple your value, you still get the...

Councilmember Hooser: So the rate is just...

Mr. Hunt: It is just the rate change.

Councilmember Hooser: So it is increased by thirty percent (30%), not doubled?

Mr. Hunt: Right.

Councilmember Hooser: This is just my opinion that to tax people not based on... I am pretty clear on the equity part and I think that is what should drive our conversation, really, and this whole discussion we have been having these last few months, it is clear to me that this use issue is the most important one. That is where the biggest increases...I mean there were all kinds of contributing factors but this is the most important one. I still believe that we should do it by specific use, proportionally. I would love to work with you on this because there are ways to do this which would lessen the impact on staffing and the impacts of your office. Thank you.

Council Chair Furfaro: Before I give the floor to Councilmember Rapozo, I want to remind everybody, I moved this forward so that we could get this caught up with the other Tax Bills and this is the first reading. But again, we are trying to get everything up to the same agenda schedules so we can see what competes with what. As I turn over the floor to Mr. Rapozo and then Mr. Chock, I would like to get this out of first reading and then it can start catching up with the dialogues in public hearing and the second reading. Mr. Rapozo, you have the floor.

Councilmember Rapozo: Thank you. In an interest of time I will forgo my questions to the Committee Meeting. Everyone highlighted my concerns. I think the equity issue is one (1), the staffing is another. I think those are not pressing enough to ask today but I will say though, Mr. Chair, I too believe that these discussions should occur and maybe I can get your input Steve, in a format of comprehensive tax reform. Where all the items, concerns, questions, pros, and cons are discussed at one time as opposed to seven (7) or eight (8) Tax Bills. I will just make that comment and I will forgo my questions until Committee.

Council Chair Furfaro: Thank you, Councilmember Rapozo. Again, in the spirit of equity I wanted to at least in the first reading have everybody have one (1) time with dialogue with the Director of Finance.

Councilmember Rapozo: I appreciate that, Sir.

Council Chair Furfaro: Mr. Chock, you have the floor.

Councilmember Chock: Thank you, Chair. I will be quick as well. I want to thank the Director of Finance. We have been meeting on this new tax class over the last few weeks. My first request would be, and I am not going to ask you to do it now, and not to be redundant but what I have experienced is that this stuff is hard for everyone to grasp so if we can try to simplify this, as Councilmember Rapozo stated, is asking sort of a broader picture so that our community members can actually see. Especially the ones who are affected by some of these changes; show them what this class will do and how will it affect you, simplified. I think it will go far in whether people can support it or not and as we move forward to public hearing, I think that might be beneficial. The other thing that is related is the percentage discussion on the other bill and how it interacts with this one. I am wondering if there is a specific type or situation that might be segmented out of that. I am not

sure what it is that that proposal apply to so that it is not trying to blanket so much of it; this class does part of it and maybe there is another grouping that needs to be addressed out of the percentage. That is what I got out of that conversation. Also, in preparation for that, you did mention there are three (3) people that you will have to enlist to do this and there are some additional cost. I just wanted to be clear on what those costs were? Do you have some figure, again, not necessarily now but it would help us, I think, moving forward.

Mr. Hunt: Ballpark, a hundred and forty thousand dollars (\$140,000) to a hundred and fifty thousand dollars (\$150,000).

Councilmember Chock: Okay.

Mr. Hunt: Annually.

Council Chair Furfaro: You will not be held to that but that is the ballpark.

Councilmember Chock: That is all I have.

Council Chair Furfaro: Thank you for that question. So here we are Members, and I want to make sure that the public understands what we are doing here as well. We have a new bill that is going to compete with the bill earlier introduced by some Members. We are trying to get them all caught up so that they get through a public hearing and at some point we will be able to look at them across the line, all eight (8) bills, and be able to make decisions about what may be the best solution to this problem. Today what we are really trying to do is to get this out of first reading in a Council Meeting and then we will break and then we will go into Committee Meetings. The Committee bills are heard by the Finance Chair which is Councilmember Chock. Again, this is a procedural piece to try to get all bills equally presented kind of at the same time. Now the motion on the floor is to move this to a public hearing for October 15, 2014. Am I correct? On that note, I would like to have a roll call...is there any dialogue?

The meeting was called back to order, and proceeded as follows:

Councilmember Kagawa: Yesterday at the senior center, I talked to another lady who just inherited property, a vacant parcel, and she is paying a lot more on the vacant parcel than her other property with the big house in which they live in. She said that because the taxes are so high, they have it on the market. Again, it just reiterates why we need to take our time. There are times to go fast like Puhi Road, let us go, we need to fix that road, and there are times we need to go slow like molasses. This is property tax reform, we have to go slow. Thank you, Chair.

Council Chair Furfaro: At the same time I do want to remind everybody that we do have a very old, traditional procedure that we need to follow and I want to get this moving on so we can have more dialogue. Councilmember Bynum, if you can keep it short, I will appreciate it.

Councilmember Bynum: I just want to clarify for anybody who is listening, our previous discussion about where long-term rental rates would go or vacation rental rates would go. This is only for properties where the owner is living on the TMK. I just wanted to make that clarification.

There being no objections, the rules were suspended.

Mr. Hunt: That is correct. They would have to have a home use exemption to qualify for this rate and classification.

There being no objections, the meeting was called back to order, and proceeded as follows:

Council Chair Furfaro: That were some of the points that we had in the very beginning. Steve, I am going to let you vacate the chair but at the same time I want to remind the public, I gave you that long explanation. This is going to public hearing but I do need to take some public testimony today. This Bill is for first reading. We will have at least two (2) other opportunities to talk about it in more detail. But we have a very full agenda today with the other bills in Committee. Is there anyone that wants to speak on this first reading bill which is yet to go to public hearing?

There being no one to give testimony at this time, the meeting was called back to order, and proceeded as follows:

Council Chair Furfaro: Is there any additional dialogue before I actually call for the roll call so we can move out of this Special Council Meeting and into Committee Meetings? Okay if not, we have a motion and a second.

The motion for passage of Proposed Draft Bill (No. 2560) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for October 15, 2014 at 8:30 a.m., and that it thereafter be referred to the Finance & Economic Development (Tourism / Visitor Industry / Small Business Development / Sports & Recreation Development / Other Economic Development Areas) Committee was then put, and carried by the following vote:

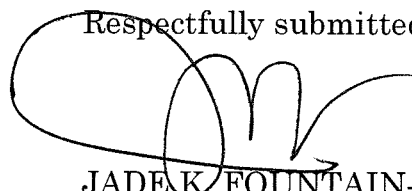
FOR PASSAGE:	Bynum, Chock, Hooser, Kagawa, Rapozo, Yukimura, Furfaro	TOTAL – 7,
AGAINST PASSAGE:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Councilmember Kagawa moved to adjourn the October 1, 2014 Special Council Meeting, seconded by Councilmember Rapozo, and unanimously carried.

ADJOURNMENT.

There being no further business, the meeting was adjourned at 9:13 a.m.

Respectfully submitted,



JADE K. FOUNTAIN-TANIGAWA
Deputy County Clerk